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9 March 1959

OFFICE OF PERSONNEL MEMORANDUM NO. 20-605-14

SUBJECT: Retention of Salary Following Reduction in Grade

1. The following memorandum was approved by the Director of Central Intelligence 21 February 1959:

"1. This memorandum submits a recommendation for the approval of the Director of Central Intelligence. Such recommendation is contained in paragraph 5.

2. During 1958 the Congress enacted a Salary Retention Act (Public Law 85-737) as an amendment to the Classification Act of 1949. Under this new legislation an individual who is reduced in grade may retain for two years his full salary held just prior to his demotion unless he is reduced more than three grades. When a demotion exceeds three grades the amount of the salary to be retained is governed by a formula established by the new law. The Act does not apply to personnel whose demotions are (1) due to personal cause, (2) at employee's request, or (3) effected as a result of force reduction caused by lack of funds or curtailment of work.

3. The purpose of the new legislation is to provide a financial cushion for employees who are reduced in grade through no fault of their own. The adoption by the Central Intelligence Agency of a comparable salary retention policy would normally apply to

- (a) The career reorientation of employees, when grade demotion incident to such reorientation is the appropriate course, and
- (b) the realignment of assignments as a result of changes in mission, function or organization.

4. The provisions of the Salary Retention Act apply to positions covered by the Classification Act of 1949, as amended. The latter Act exempts CIA positions from such coverage. The

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Central Intelligence Agency has used the Classification Act as a guide in the field of salary administration. It is therefore quite proper to adopt the provisions of the Salary Retention Act. In the past, as the Congress has from time to time amended the Classification Act, by administrative action the Agency has incorporated corresponding changes in its salary administration policy.

5. It is recommended that the Director of Central Intelligence approve adoption by the Agency of the provisions of the Salary Retention Act of 1958 insofar as these are applicable to the personnel management policies and procedures of the Agency."

2. Salary determinations under this policy will be made by the Director of Personnel. Accordingly, until further notice, all personnel actions which propose reduction in grade will be referred to the Director of Personnel.



Gordon M. Stewart
Director of Personnel

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